



# 2021

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# INTERIM RESULTS

FOR THE SIX MONTHS ENDED  
JUNE 30, 2021

August 6, 2021 – Hong Kong



# Forward Looking Statements

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This presentation may contain “forward-looking statements” that are not historical in nature. These forward-looking statements, which include, without limitation, statements regarding PCCW's future results of operations, financial condition or business prospects, are based on the current beliefs, assumptions, expectations, estimates, and projections of the directors and management of PCCW about the business, the industry and the markets in which PCCW operates. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond PCCW's control and are difficult to predict. Actual results could differ materially from those expressed, implied or forecasted in these forward-looking statements for a variety of factors

# Overview

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BG Srinivas  
Group Managing Director

# Accelerated Growth Momentum



29%

OTT Business revenue growth



97%

Free TV & Related Business  
revenue growth



51%

PCCW Solutions revenue growth

PCCW Solutions and OTT Business Strengthen SEA Presence

# Financial Review

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Susanna Hui  
Group Chief Financial Officer

# Financial Highlights

(US\$ million)	H1'20	H1'21	% change
<b>Core<sup>1</sup> Revenue</b>	2,138	2,326	<b>↑ 9%</b>
<b>Core<sup>1</sup> EBITDA</b>	692	732	<b>↑ 6%</b>

Revenue (US\$ million)	H1'20	H1'21	% change
<b>HKT</b>	1,872	2,006	<b>↑ 7%</b>
<b>OTT</b>	64	83	<b>↑ 29%</b>
<b>Free TV</b>	17	33	<b>↑ 97%</b>
<b>Solutions</b>	244	370	<b>↑ 51%</b>

EBITDA (US\$ million)	H1'20	H1'21	% change
<b>HKT</b>	711	733	<b>↑ 3%</b>
<b>OTT</b>	(10)	(3)	<b>↑ 75%</b>
<b>Free TV</b>	(12)	(6)	<b>↑ 54%</b>
<b>Solutions</b>	29	63	<b>↑ 118%</b>

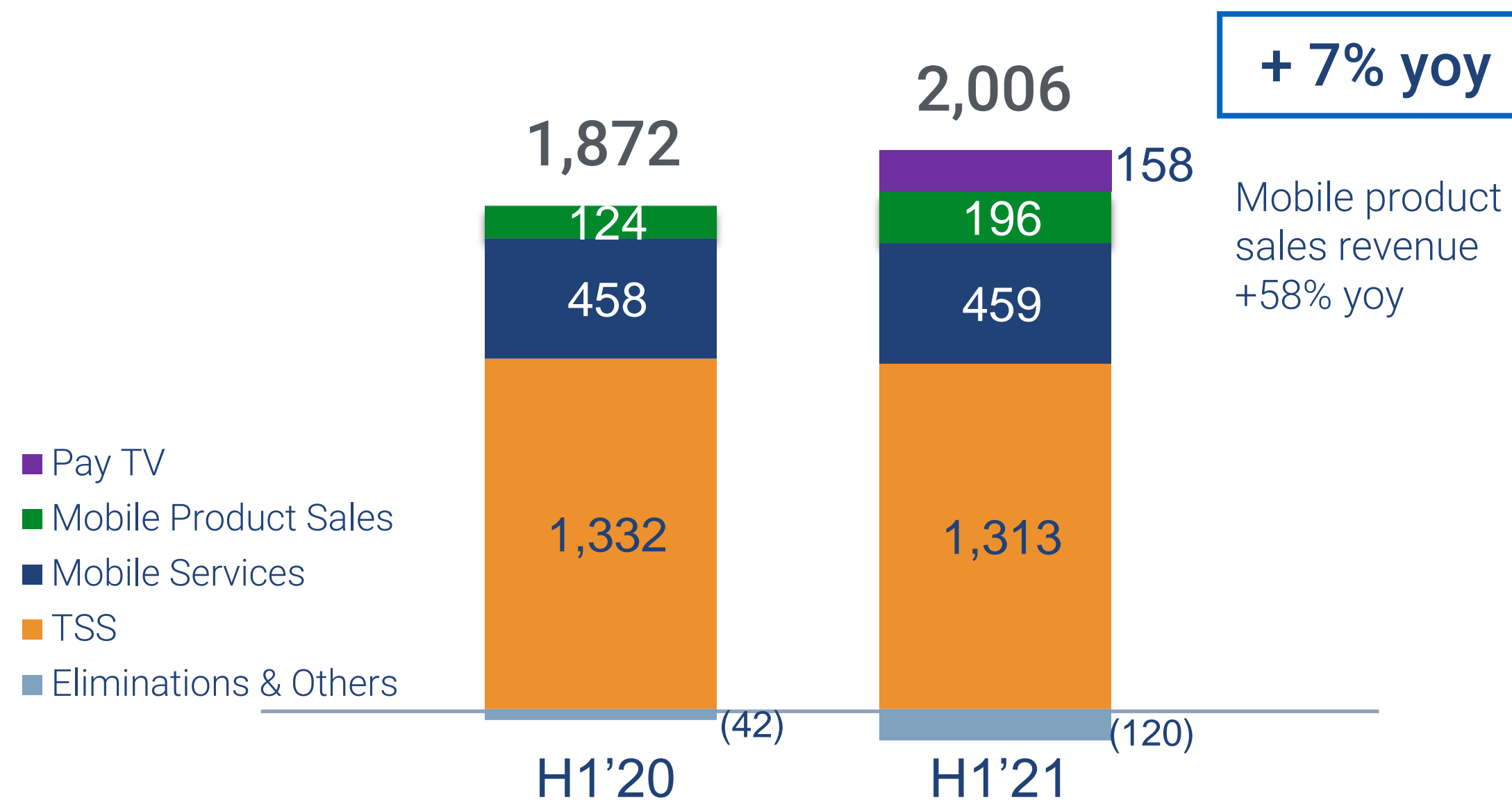
1. Core business includes HKT, OTT business , FreeTV business and Solutions business

## Solid Financial Performance

Adjusted Funds Flow resumed healthy growth to US\$298 million

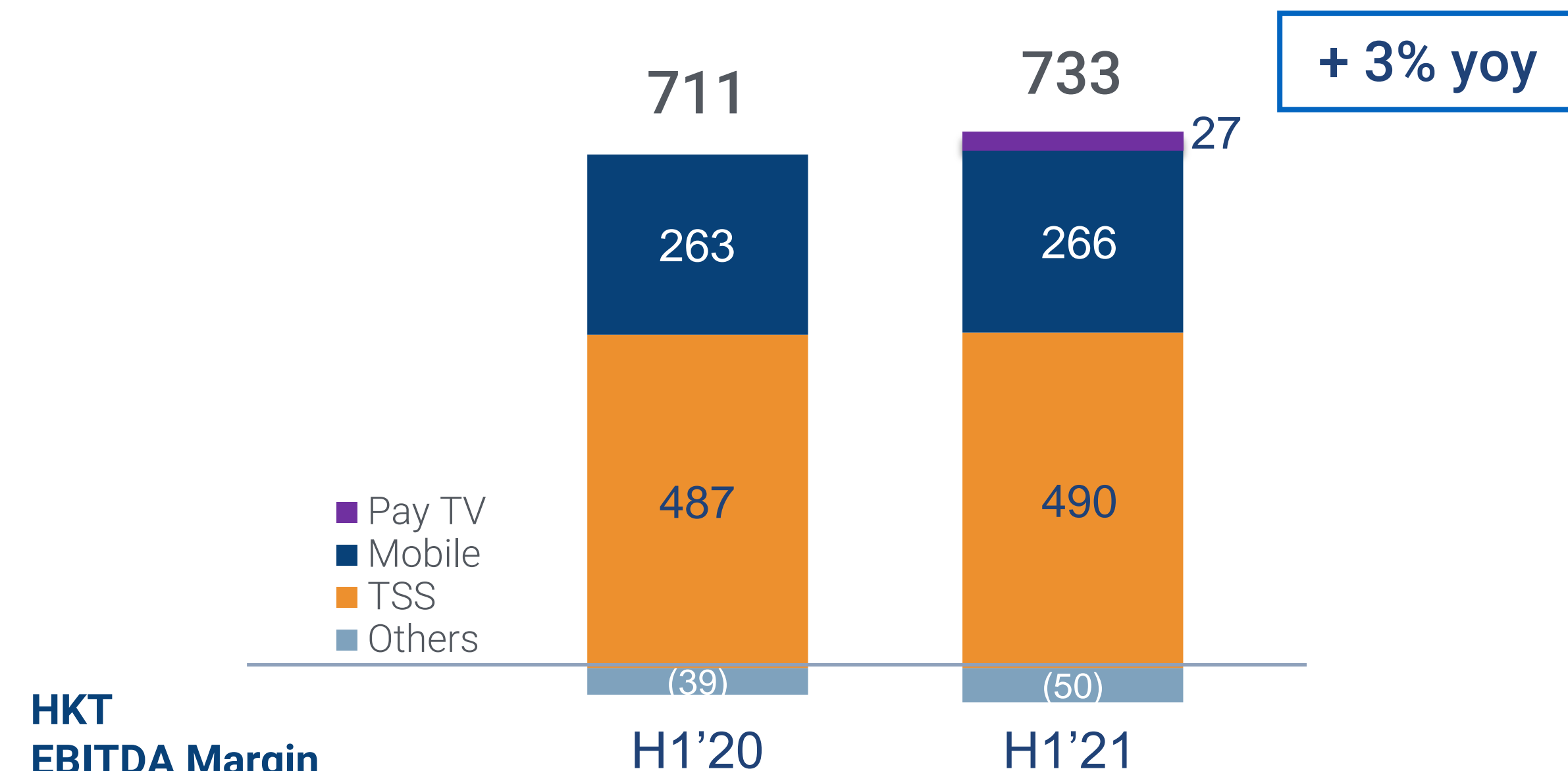
Interim Distribution of 30.70 HK cents per SSU

### HKT Revenue (US\$ million)



- TSS local data revenue driven by strong demand for broadband and data services
- Local mobile services revenue increased by 5%, more than compensate for the impact of travel restrictions on our roaming revenue
- Handset sales performed well benefiting from the 5G handset upgrade cycle, improved consumer confidence and more traffic captured by our digital channel, Club Shopping
- Now TV performance supported by operational synergies and UEFA EURO 2020™

### HKT EBITDA (US\$ million)



#### HKT EBITDA Margin

**Total**

38%

37%

**Exclude Mobile Product Sales**

41%

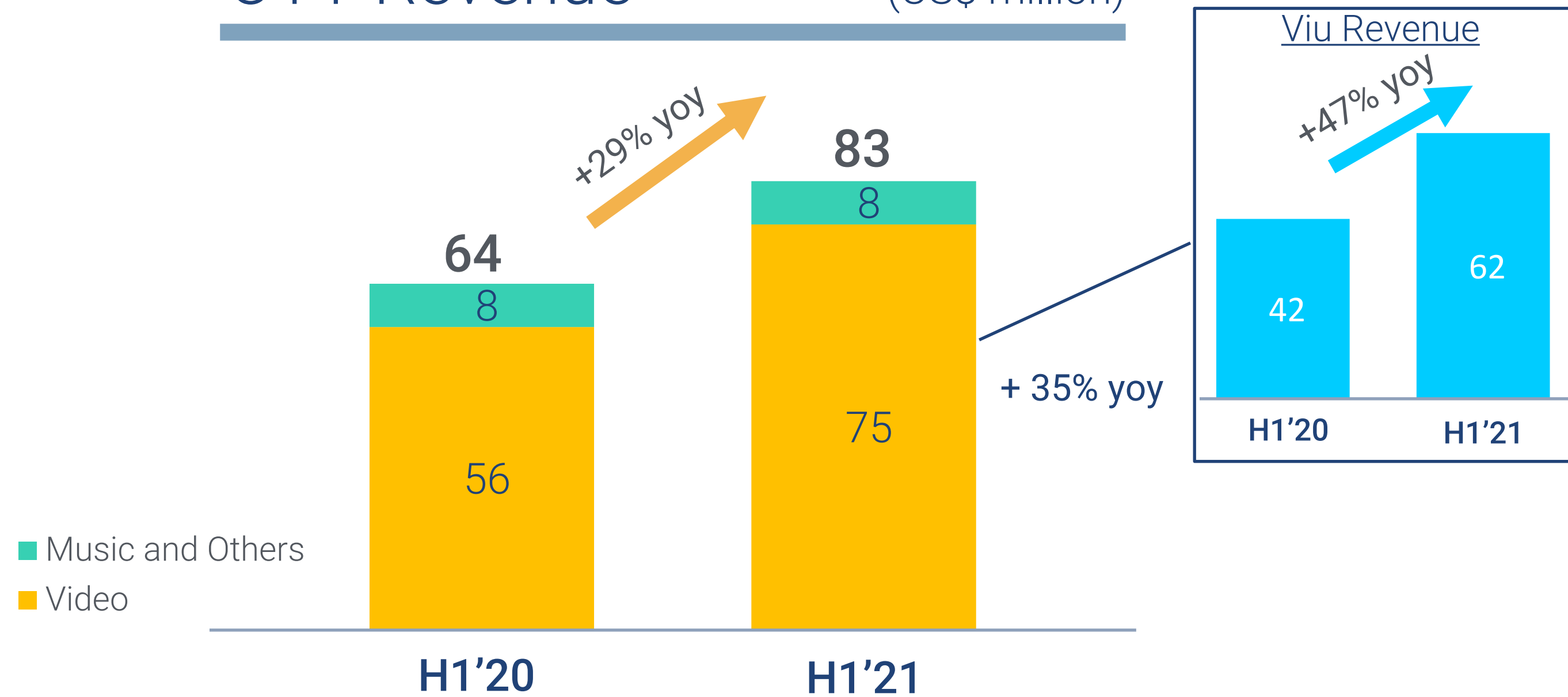
40%

- EBITDA increased by 3% and margin stable from effective opex initiatives

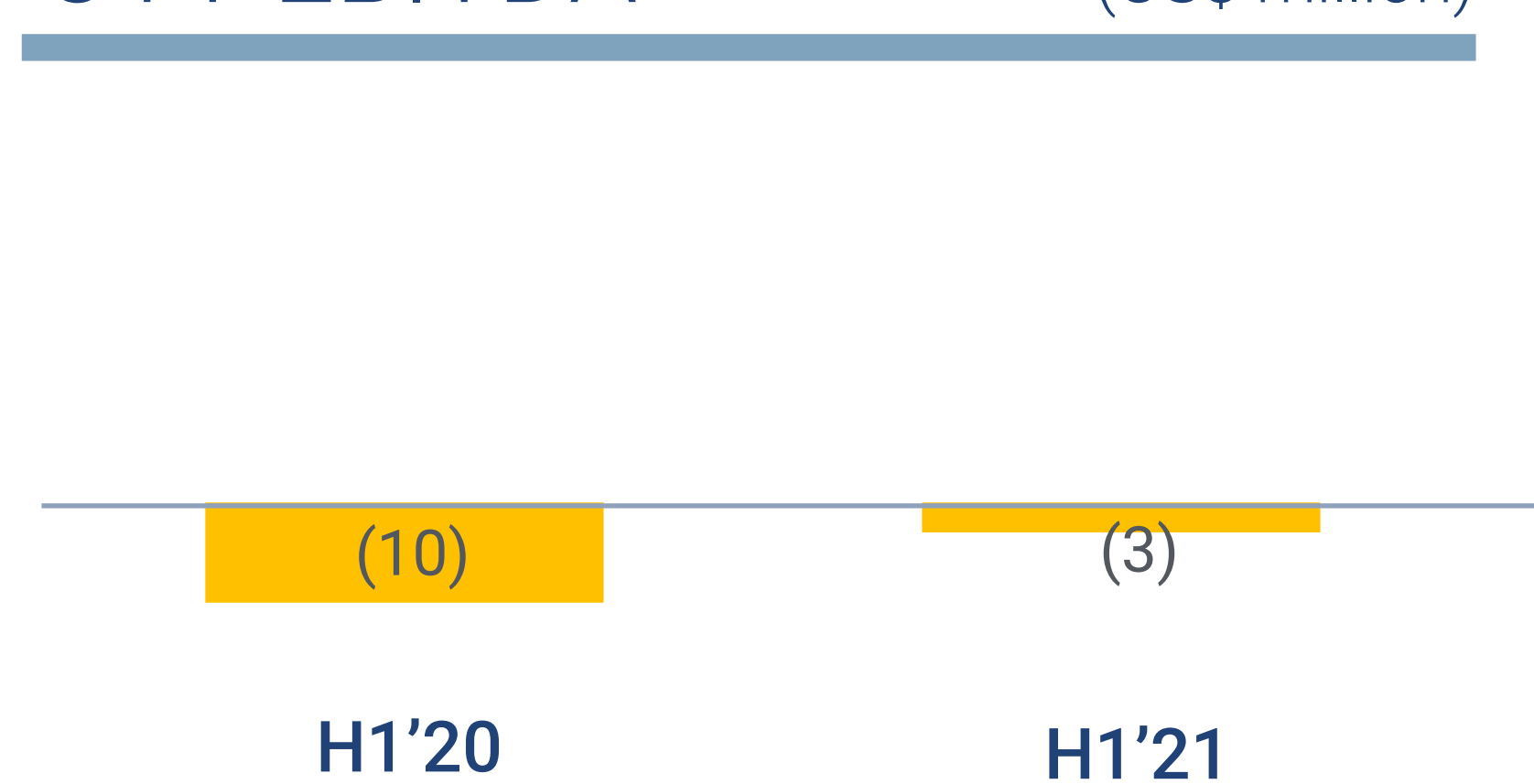


# Viu Fast Gaining Popularity and Approaching EBITDA Breakeven

OTT Revenue (US\$ million)

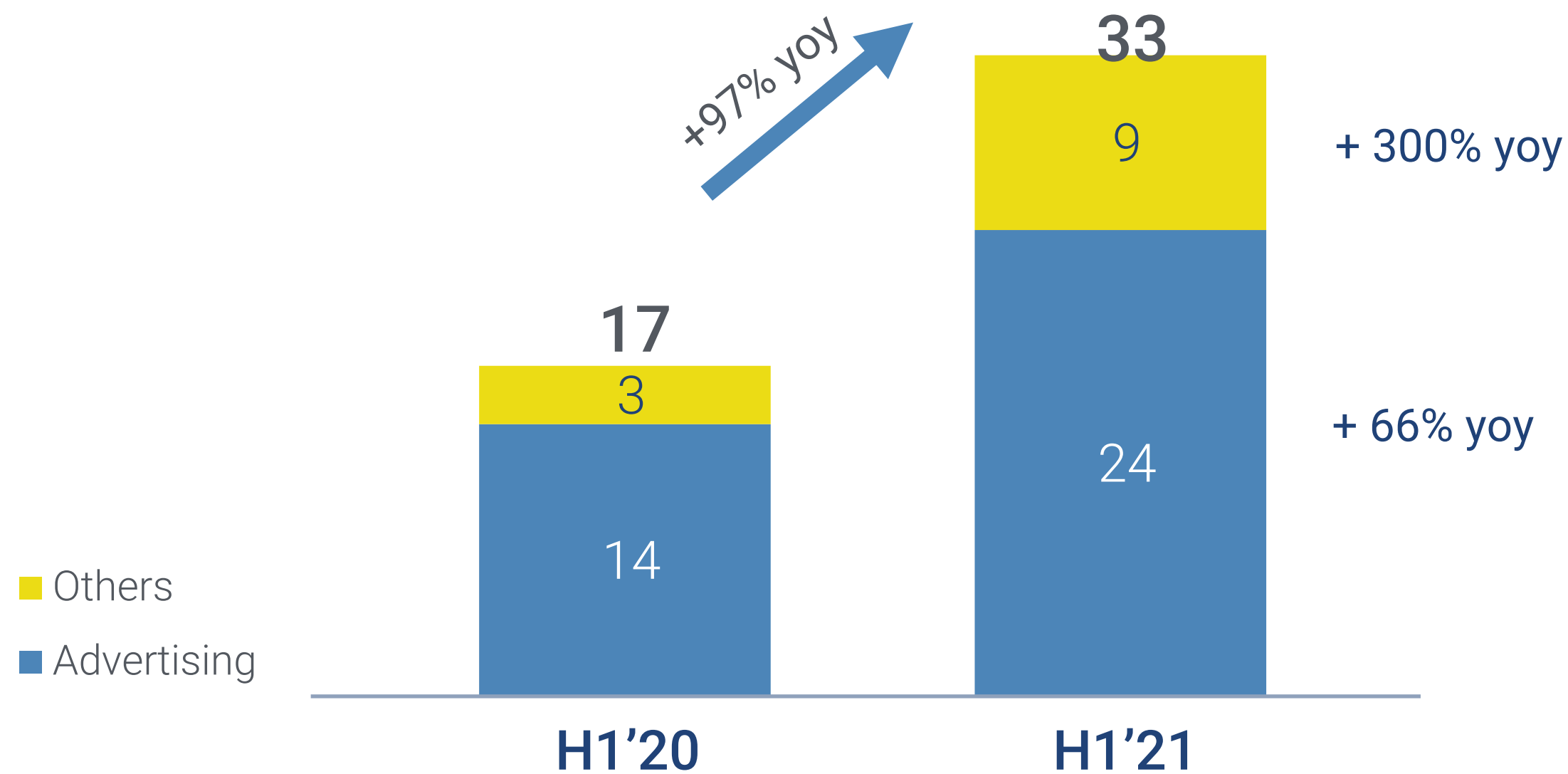


OTT EBITDA (US\$ million)



- Viu revenue grew by 47% to US\$62 million driven by increases in both subscription and advertising
- Viu MAU and paid subscribers grew to 49.4 million and 7.0 million, up 37% and 62% respectively
- Leveraged partner ecosystem to expand distribution channels and customer reach
- Scale reached inflection point and on track to achieve EBITDA breakeven

## ViuTV Revenue (US\$ million)



## ViuTV EBITDA (US\$ million)

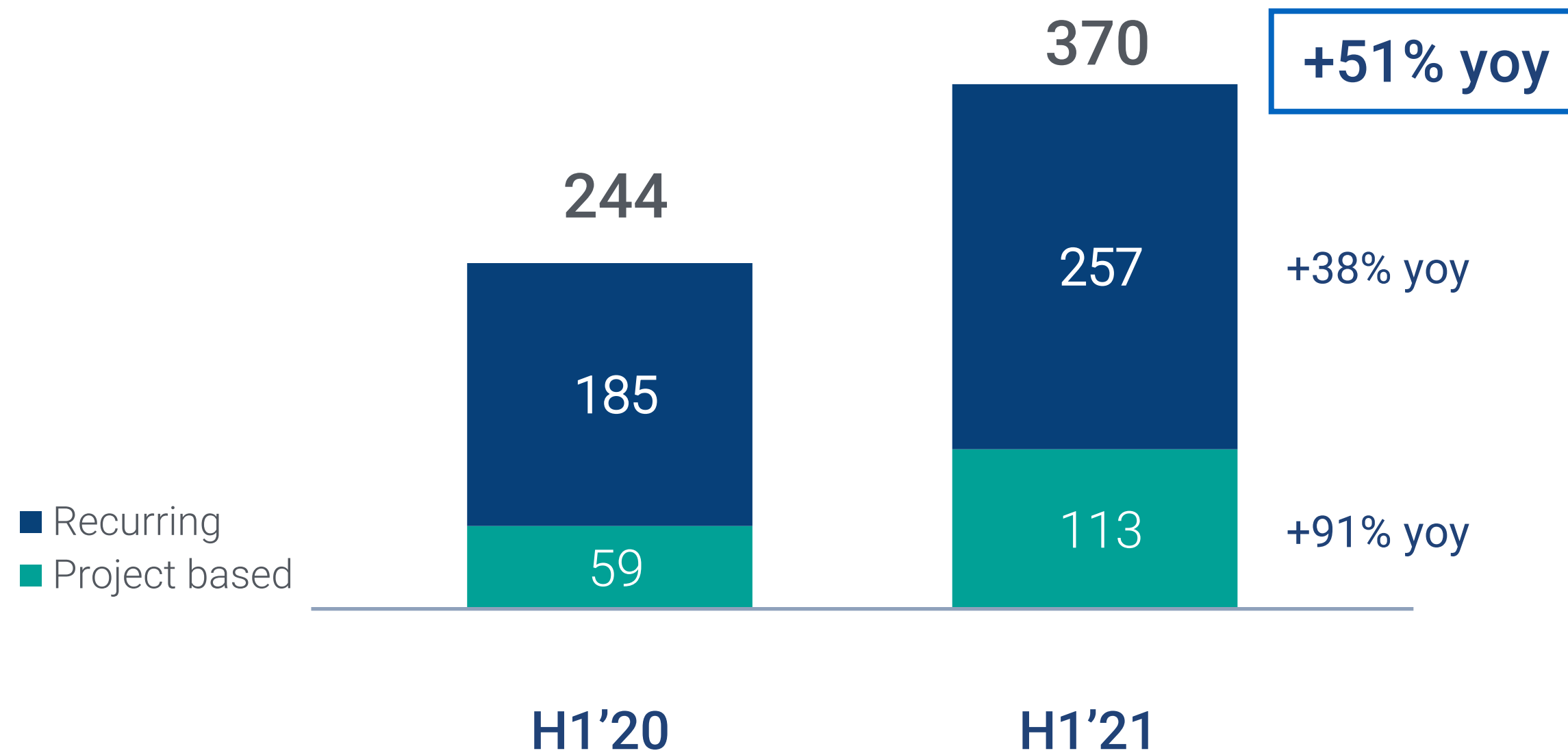


- Revenue doubled, ahead of plan
- Unique local content drove healthy growth in viewership and advertising revenue
- Rising popularity of our artistes boosted our artiste management and event businesses

- EBITDA loss further improved
- On track to reach profitability

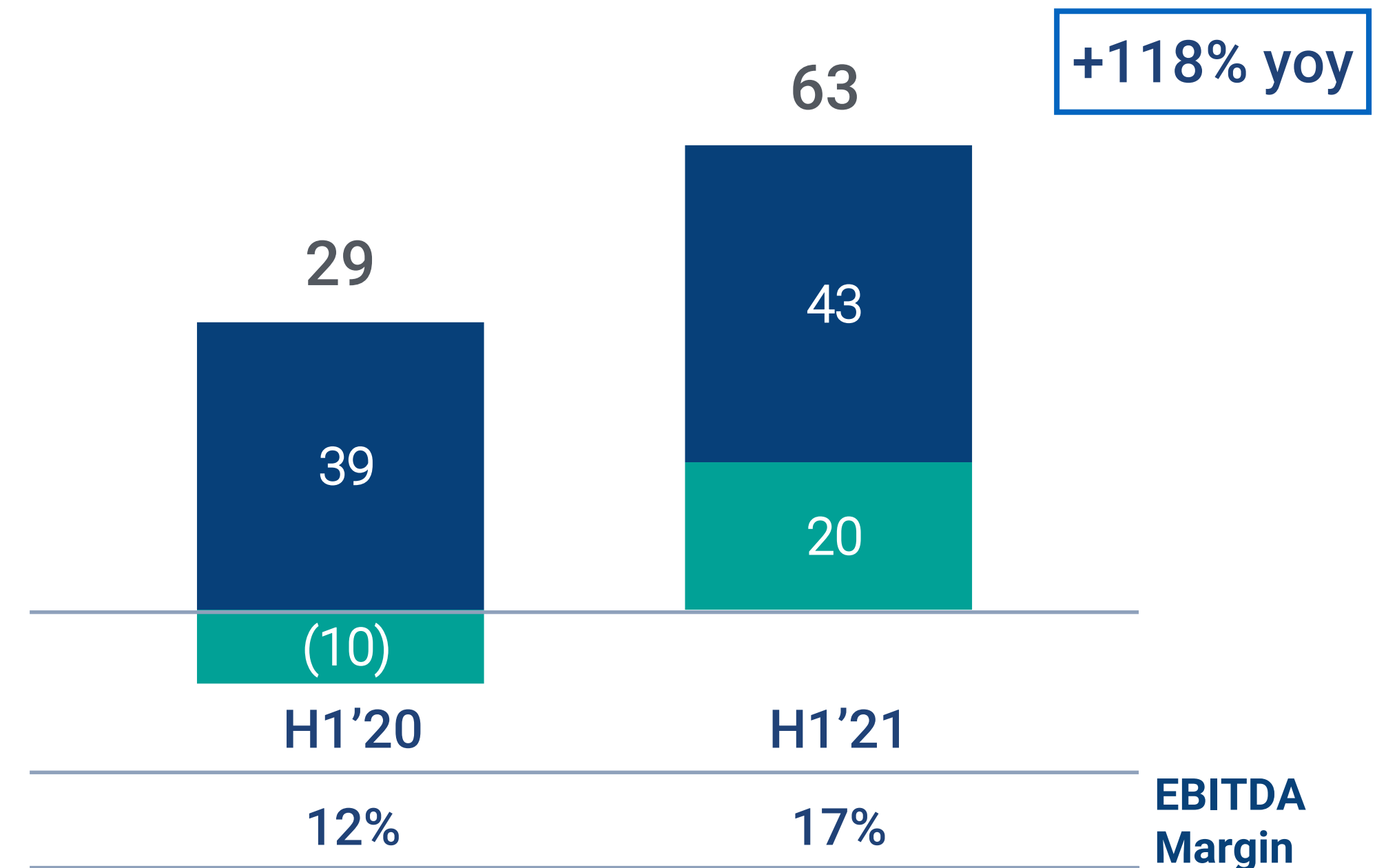
# Strong Performance on All Fronts

## Solutions Revenue (US\$ million)



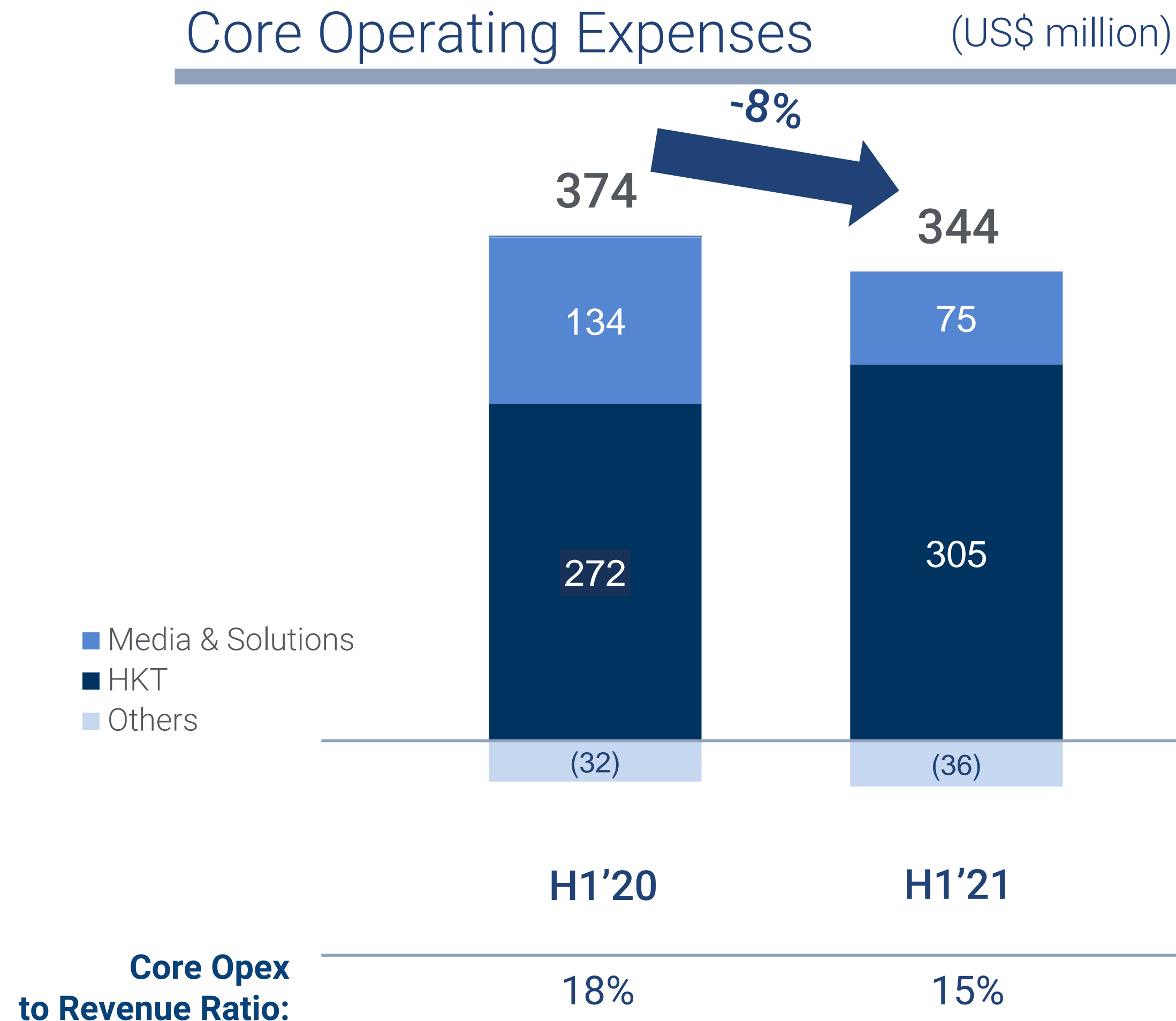
- Revenue increased by 51% driven by successful implementation of mega projects both in Hong Kong and the region
- New wins of long-term outsourcing deals as well as upgrade and extension projects with existing clients
- Secured orders grew to US\$ 3.3 billion, an increase of 141%
- Reached agreement to divest data center business operating in Hong Kong and Malaysia for US\$750 million

## Solutions EBITDA (US\$ million)



- EBITDA increased by 118% and margin improved to 17% mainly due to better staff utilization levels and rigorous project management

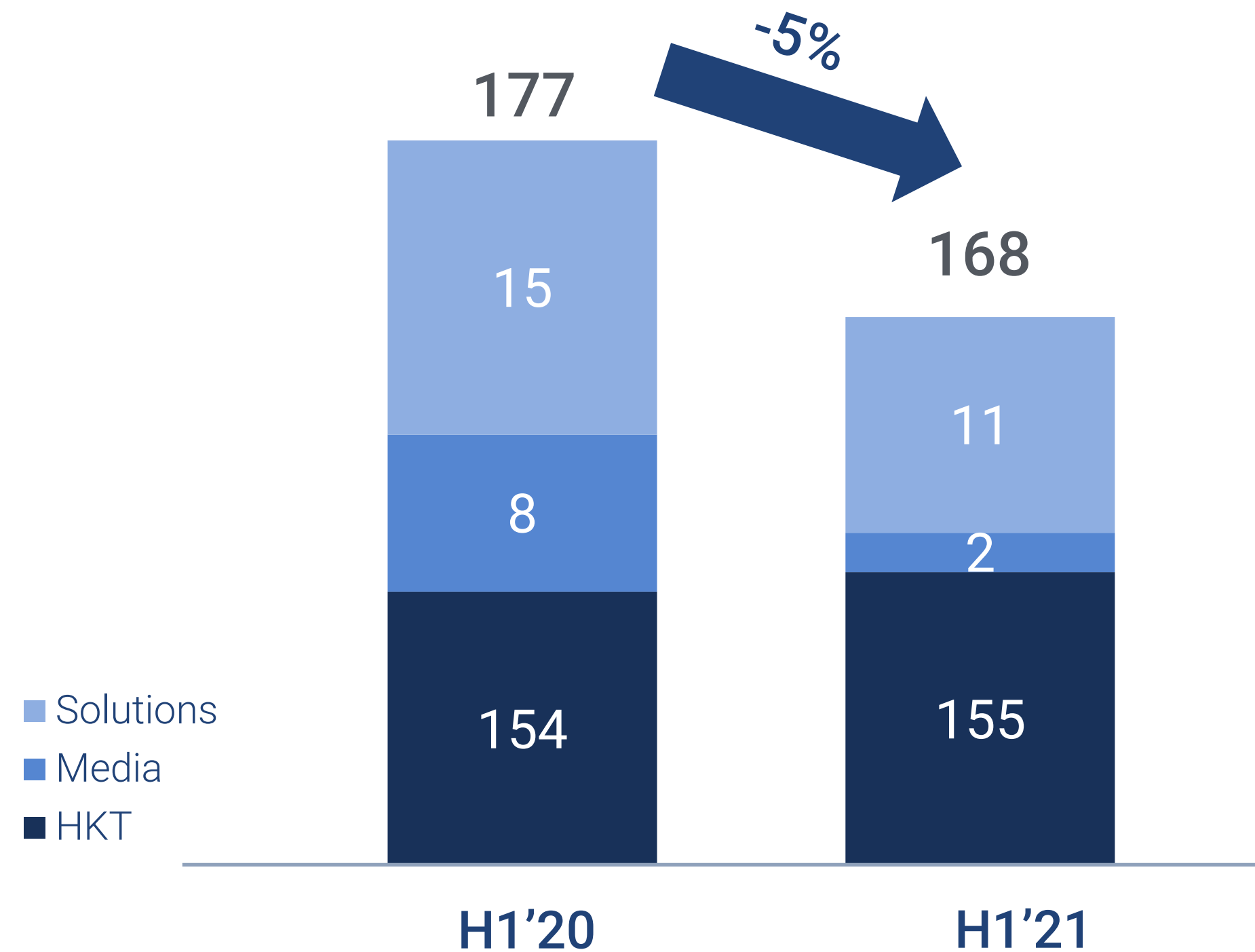
# Spending with Discipline and Effectiveness



- Achieved core opex savings of 8% year-on-year
- Core opex to revenue ratio improved to 15%
- Now TV opex moved from Media segment to HKT in 1H21
- Key initiatives include:
  - Digitizing business processes to improve operational efficiencies
  - Optimizing online-to-offline sales channels to enhance distribution efficiency
  - Effective marketing campaigns

# Prudent Capex to Support Future Growth

## Core Capex (US\$ million)



### Core Business Capex to Revenue Ratio:

8.3%

7.2%

- Capex to revenue ratio was 7.2%
- Higher Mobile capex mainly due to expanding and enriching our 5G network
- Lower TSS capex in line with the capex cycle of our extensive local fiber network and international cable systems
- OTT and Free TV & Related Business capex stable<sup>1</sup>
- Solutions capex decreased due to near completion of the current phase of expansion of the data center capacity and equipment enhancement in Hong Kong

Note:

1. Subsequent to the completion of transfer of the Now TV business to HKT on September 30, 2020, capex of the Now TV business are included in the HKT business

# Strong Liquidity

	As of Dec 2020			As of Jun 2021		
US\$ million	Gross Debt	Cash Balance <sup>(5)</sup>	Undrawn Facilities	Gross Debt	Cash Balance <sup>(5)</sup>	Undrawn Facilities
HKT	5,448	337	1,163	5,555	276	1,014
PCCW	867	101	1,001	595	171	1,202
<b>Total</b>	<b>6,315</b>	<b>438</b>	<b>2,164</b>	<b>6,150</b>	<b>447</b>	<b>2,216</b>
<b>Core Gross Debt <sup>(1)</sup> / EBITDA <sup>(3)</sup></b>	<b>4.12 x</b>			<b>3.91 x</b>		
<b>Core Net Debt <sup>(2)</sup> / EBITDA <sup>(4)</sup></b>	<b>3.84 x</b>			<b>3.63 x</b>		

(1) Core gross debt refers to the principal amount of short-term and long-term borrowings (excluding PCPD)

(2) Core net debt refers to the principal amount of short-term and long-term borrowings minus cash balance (excluding PCPD)

(3) Based on core gross debt as at period end divided by EBITDA for the 12-month period

(4) Based on core net debt as at period end divided by EBITDA for the 12-month period

(5) Includes short-term deposits

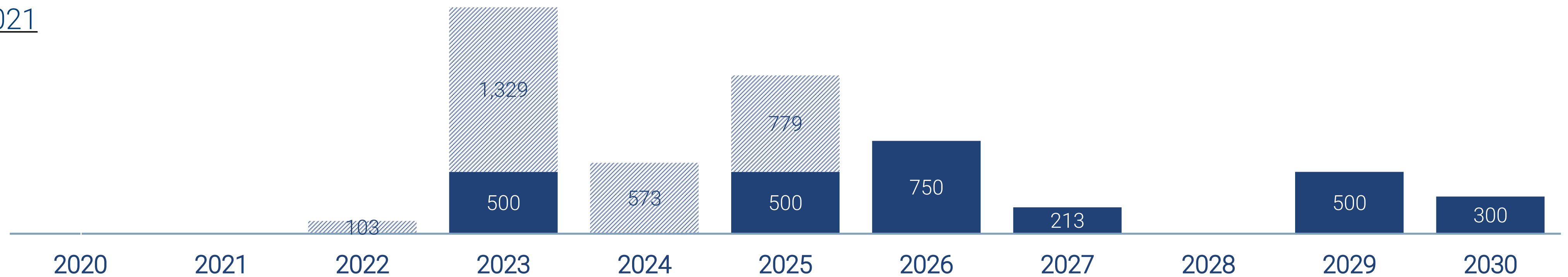
(6) US\$750 million perpetual capital securities are classified as equity

# Debt Maturity Profile

(US\$ million)  
As of June 30, 2021

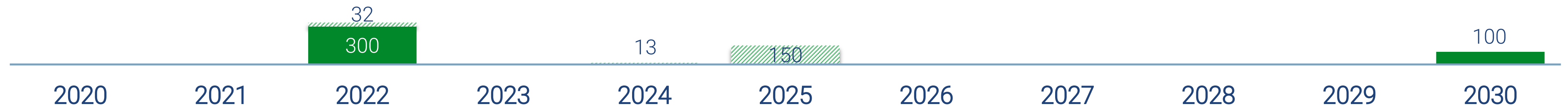
▨ HKT Bank Loans  
■ HKT Bonds

HKT



PCCW<sup>1</sup>

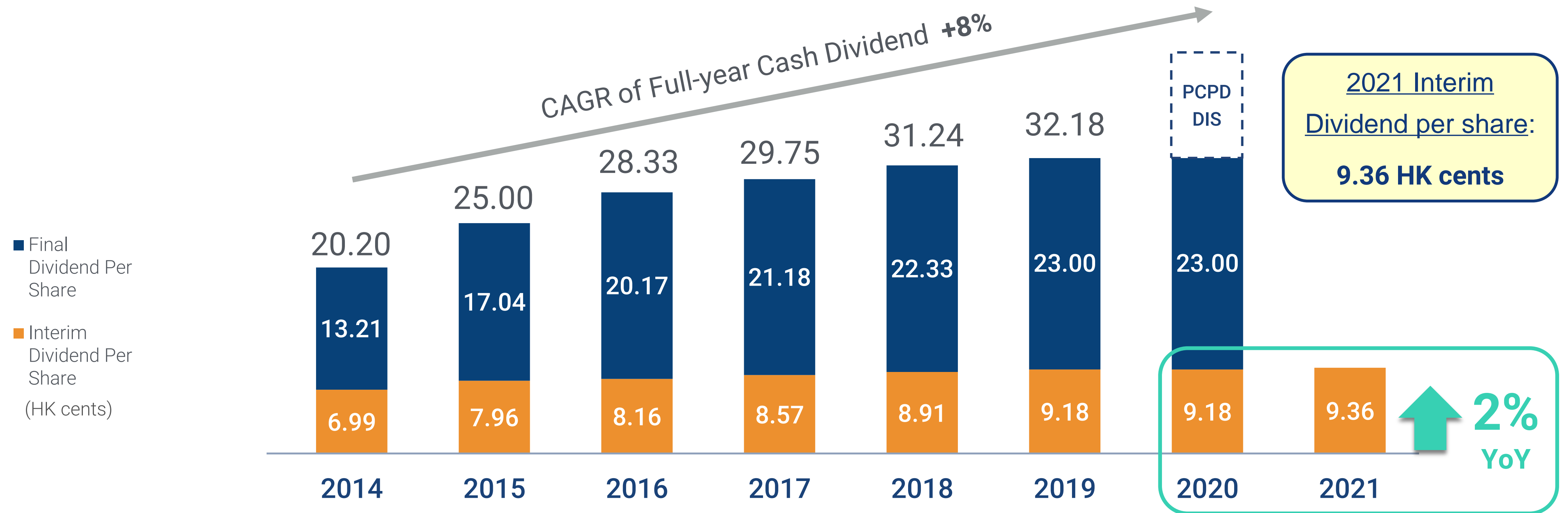
▨ PCCW Bank Loans  
■ PCCW Bonds



Note:  
1) Excluding PCPD

- Current ratio of floating to fixed rate debt at approximately 40:60
- Effective interest rate was approximately 2.8% as of June 30, 2021
- Average debt maturity of approximately 3.8 years

# Shareholder Focused Dividend Policy



## HKT Distribution Pass-through

### Dividend Yield \*

71%	74%	74%	90%	90%	90%	89%
3.81%	4.95%	6.19%	6.79%	6.63%	6.70%	7.28%

\* Based on PCCW closing price on the annual results announcement date for each respective year

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# Media Business



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## OTT Business

# A Leader in Southeast Asia OTT Video Entertainment

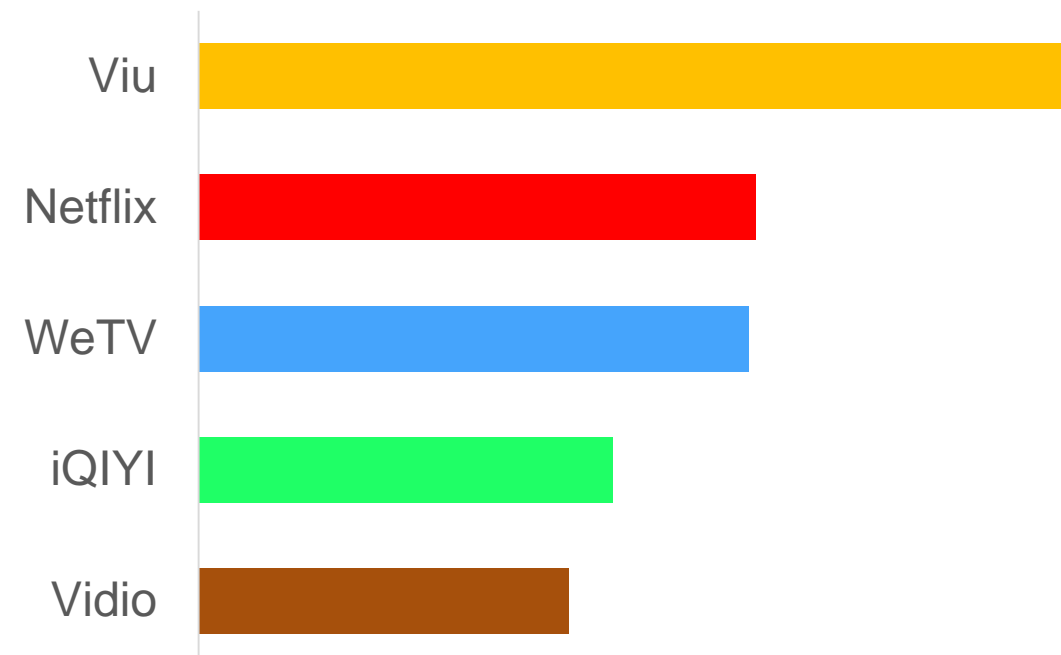


(All data and information below have been provided and verified by Media Partners Asia)

**1<sup>st</sup>**

**MONTHLY ACTIVE  
USERS**

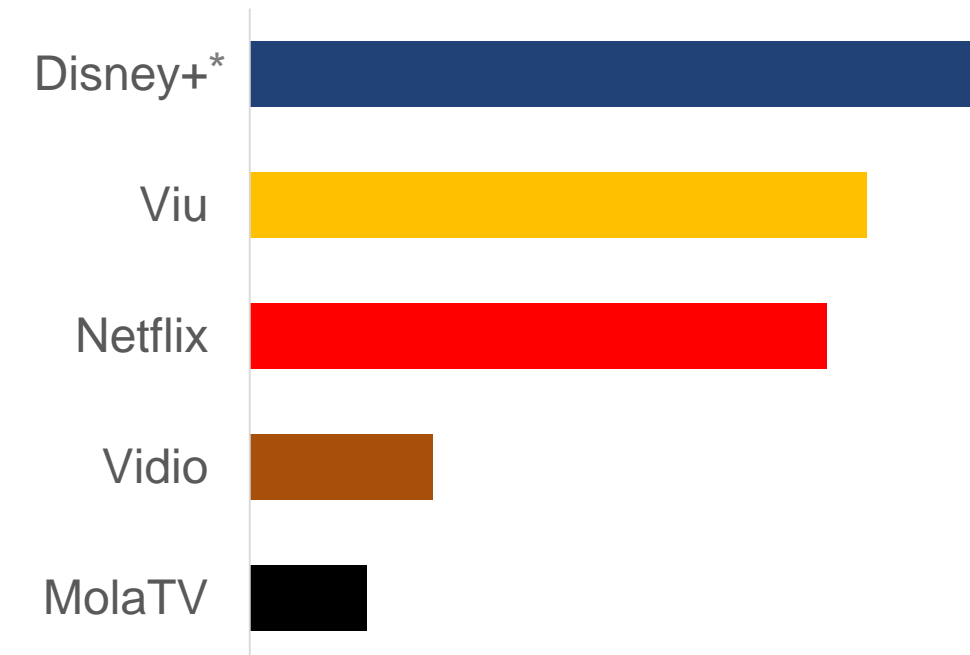
Q2 2021 MAUs, Mn



**2<sup>nd</sup>**

**PAID  
SUBSCRIBERS**

Q2 2021 Paying Subscribers, Mn

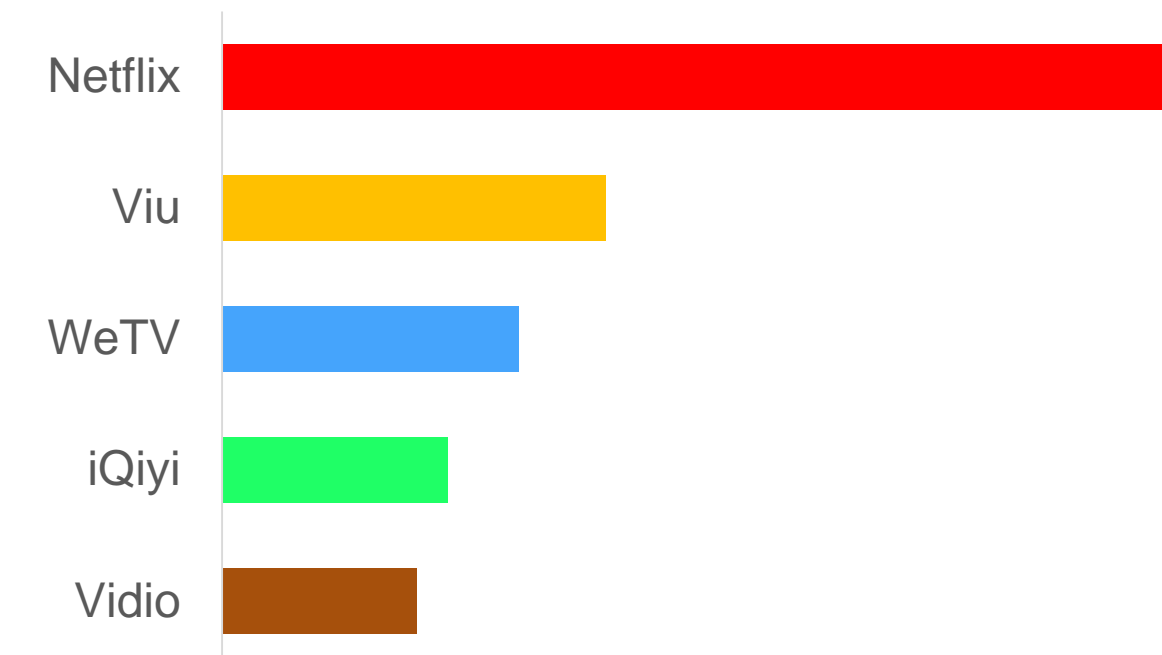


\*Incl Disney+ Hotstar

**2<sup>nd</sup>**

**STREAMING  
MINUTES**

H1 2021 Streaming Minutes, Bn



Amongst major video streaming platforms in Southeast Asia (Thailand, Indonesia, Malaysia, Philippines and Singapore)

Viu consistently ranked high,

- No. 1 by monthly active users in Q2 2021
- No. 2 by paid subscribers in Q2 2021
- No. 2 by streaming minutes in H1 2021

Source: Media Partners Asia AMPD Online Video Consumer Insights Q2 2021 (covers Indonesia, Malaysia, Thailand, the Philippines and Singapore)

1. Amongst major video streaming platforms including Netflix, Disney+ / Disney+ Hotstar\*, iQIYI, Line TV, TrueID, Vidio, We TV, iflix, excluding YouTube and Tiktok

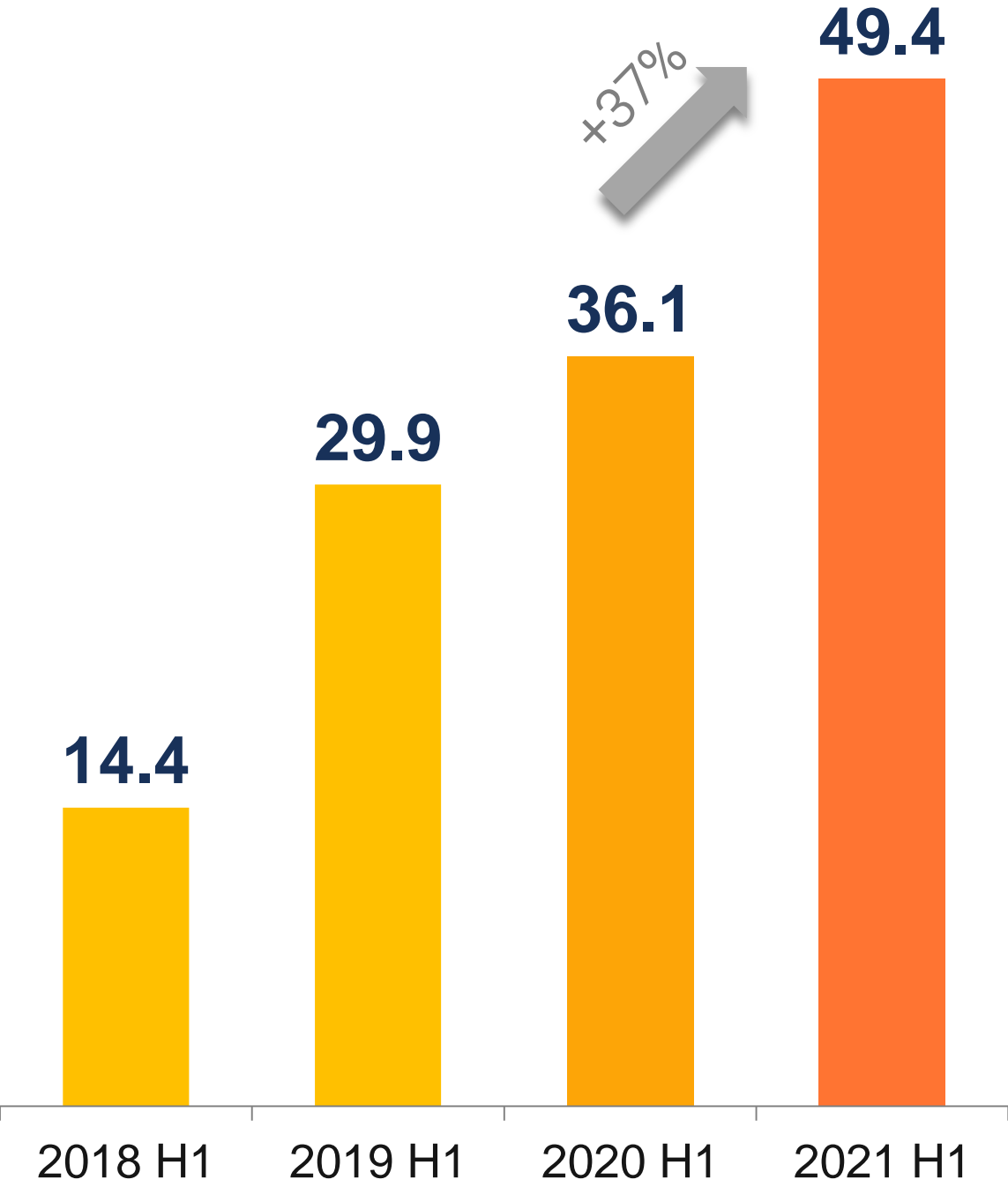
2. Research period for MAUs and paid subs: Apr – Jun 2021; Sample size = 24,590. For streaming minutes research period H1 2021; sample size for passive measurement is 5,386.

# Viu Continued High Growth in MAUs and Premium Subscriber Base

## Strong Momentum in Ad & Subscription Revenue Growth

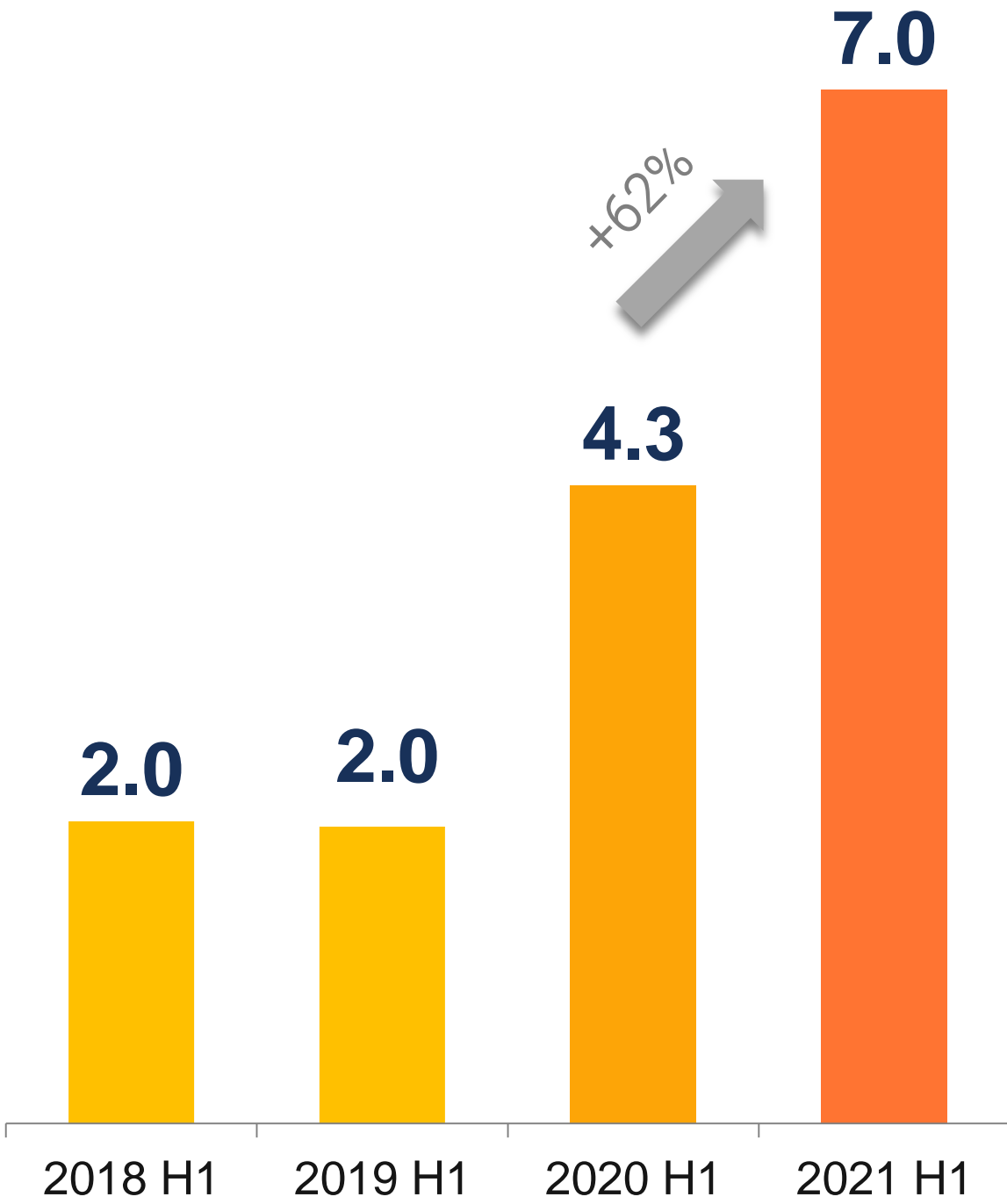


### 49.4 Million Monthly Active Users



- Thailand and Indonesia demonstrated fast growth

### 7.0 Million Paid Subscribers



- Paid subscribers growth underpinned by strong content line-up and strengthened partner ecosystem

\* Normalized for India exit

# Strong Momentum in Dual Revenue Model



## Viu - Accelerated Growth in monetization

H1 2021 YOY Revenue Growth



**47%**  
Total  
Revenue

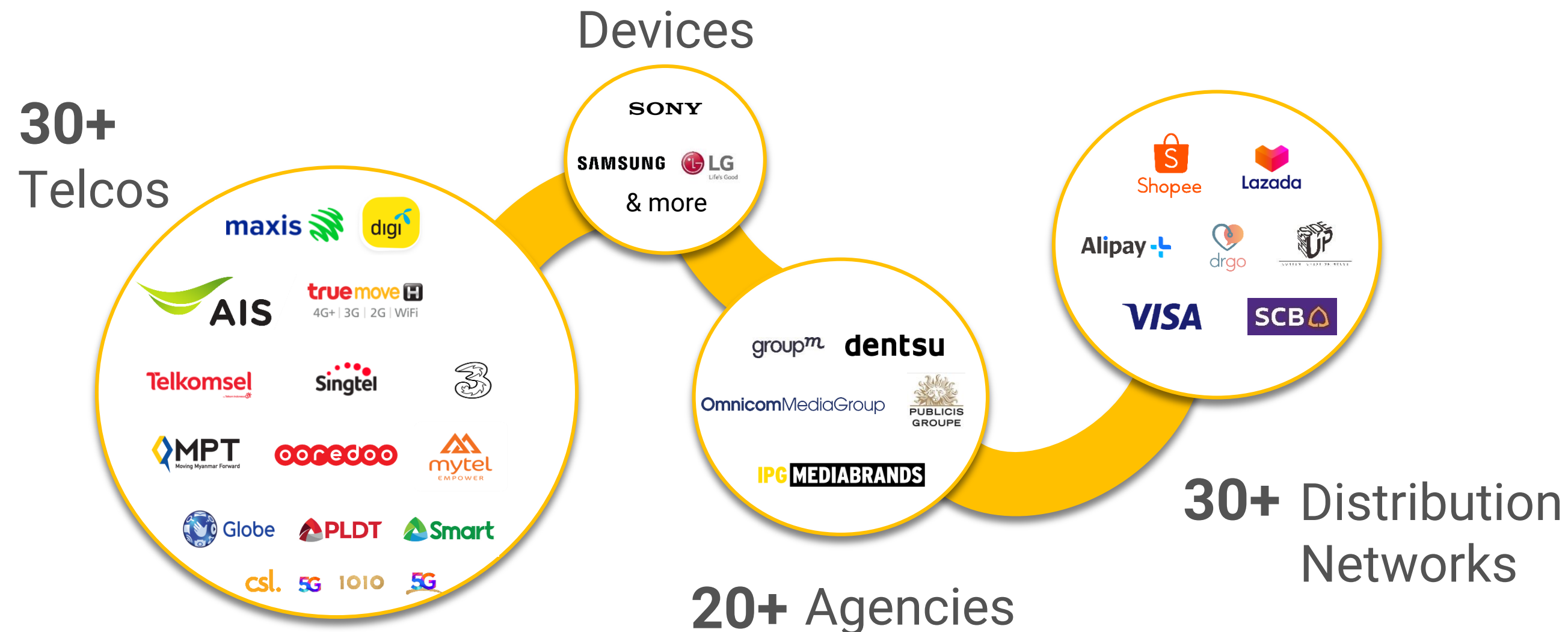


**40%**  
Subscription Revenue



**54%**  
Advertising & Related Revenue

## Extensive Partnership Footprint – Increased Accessibility and Penetration



- Partnering with leading brands (80+ companies) in the digital ecosystem across the markets
- Partnership footprint consist of telcos, device manufacturers, retail and e-commerce businesses and content distribution partners
- Provide extensive access points and broad base to acquire users and enhance monetization

# Leadership in Asian Content & Expansion of Korean Originals



## CONTINUED TO BE THE HUB OF ASIAN CONTENT

### STRONG KOREAN LINEUP

- H1 Top Korean titles**
- Mr Queen, True Beauty, Penthouse series

Korean titles on Viu : 18 Nominations in Baeksang Award 2021



- The Penthouse**
- Best Actress
  - Best Actor
  - Best Supporting Actress
  - Best New Actor
  - Best New Actress



- Beyond Evil**
- Best Picture (Drama)
  - Best Actor
  - Best Supporting Actor
  - Best New Actress



- Mr Queen**
- Best Actress
  - Best Supporting Actress



- Flower of Evil**
- Best Picture (Drama)
  - Best Actor
  - Best Supporting Actor

### OTHER ASIAN PILLARS

- Chinese dramas
- Thai dramas
- Hong Kong dramas
- Anime

All gained regional traction



## VIU ORIGINAL CREATES FURTHER DIFFERENTIATION

- Debut of **Viu Original Korean** drama series
- Complementary to the **largest selection of simulcast titles**, local original productions and ViuTV programs

### CROSS-MARKET SYNERGY

#### River Where the Moon Rises

- Nominated : **Best Actress & Best New Actor** in the Baeksang Awards 2021
- Top 2** Simulcast Korean drama on Viu\*



#### Doom at Your Service

- Featuring Seo In-guk, Park Bo-young
- Director's previous notable works : **"My Unfamiliar Family", "Suits"** etc
- Top 1** drama on Viu\*\*



#### uBettina Wethu

- South African remake of hit international comedy **"Ugly Betty"**



#### Black 2

- Return of the award-winning Malaysian adaptation of the popular Korean fantasy-thriller series
- Top 3** drama on Viu\*\*\*



\* Since launch through 31 March 2021, in Hong Kong, Indonesia, Malaysia, Thailand, Singapore, Philippines

\*\* Since launch through 30 Jun 2021, in Hong Kong, Indonesia, Malaysia, Thailand, Singapore, Philippines, Myanmar, South Africa, Middle East

\*\*\* Since launch through 30 Jun 2021, in Malaysia



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Free TV & Related Business

# Robust and Continued Growth in Viewership



## Expanding Viewership and Distribution

- Prime time average TVR increased 15% Y-o-Y <sup>1</sup>
- Digital streamviews increased 113% Y-o-Y <sup>2</sup>
- Thriving advertising business:
  - 150+ new advertisers
  - 340+ advertisers increased Y-o-Y spending
  - 180+ exclusive advertisers<sup>3</sup>
  - Top 5 advertiser sectors:



Banking & Investment



Electrical Appliances



Restaurants



Packaged Drinks



Insurance

- Drama distribution - over 2,900 hours to 26 markets via 10+ partners in H1 2021; continued to expand global footprint and network

## Q3 Programs

- Olympic Games Tokyo 2020 supplemented with a range of team-based events and programs



<sup>1</sup> Source: CSM Media Research HKTAM from 01 Jan – 30 Jun 2021 vs 01 Jan – 30 Jun 2020; prime time from 18:55-24:05

<sup>2</sup> Source: Google Analytics and internal data (viu.tv + ViuTV apps) from 01 Jan – 30 Jun 2021 vs 01 Jan – 30 Jun 2020

<sup>3</sup> Source: Admango from 01 Jan – 30 Jun 2021; among free TV platforms only

# Artiste Management Business Prospered - Attributable to Rising Popularity of Our Artistes

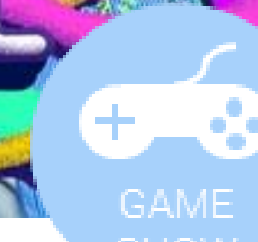
## Diversified Revenue Streams

- Artiste-related advertisements: number of brands increased 3 times Y-o-Y from 29 to over 90 in H1 2021; clients from various sectors from high-end fashion houses to financial services and FMCGs
- MIRROR Concert: sold out all 6 shows; first 3 shows sold out within 4 hours
- Merchandise: synergistic collaboration with Moov to sell concert and anniversary related products



## Synergistic Impacts

- Artistes' rising popularity contributed to viewership growth and production quality
- Growing artiste portfolio increases utilization of in-house artistes in ViuTV's diverse range of programs



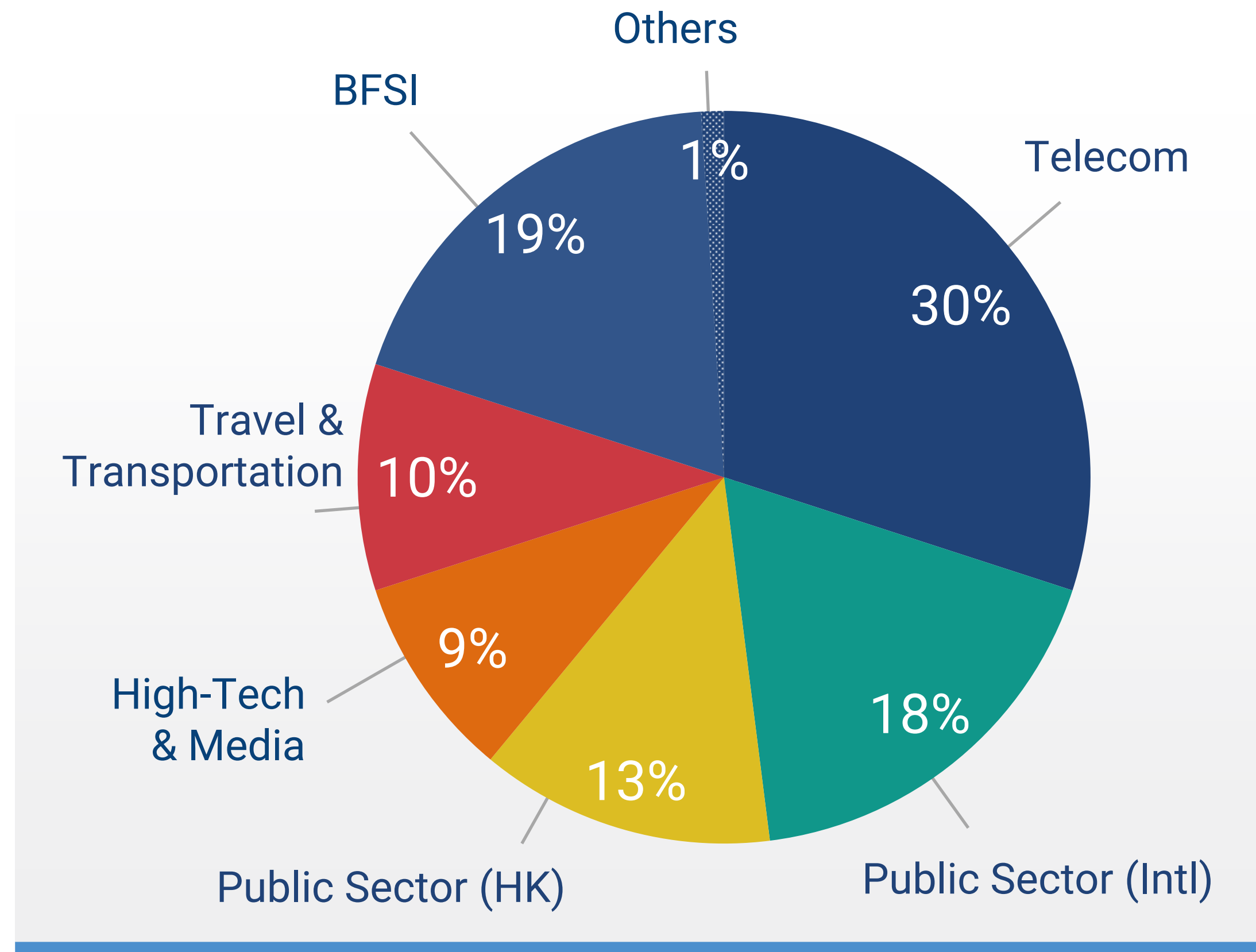
***PCCW* Solutions<sup>®</sup>**

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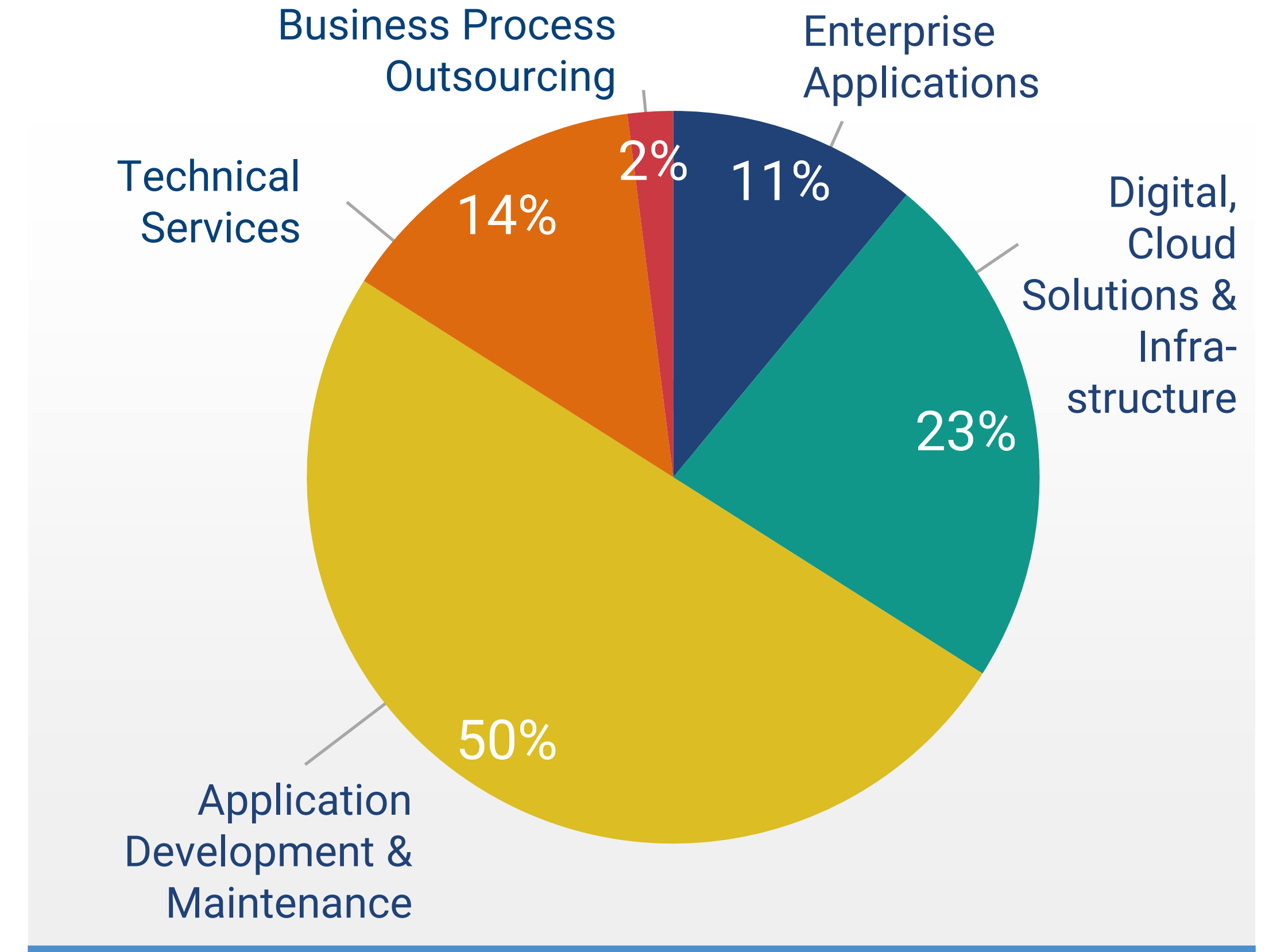
IT Solutions Business

# Revenue by Industry & Services

## H1'21 Revenue by Industry



## H1'21 Revenue by Services



Secured orders of US\$3.3 billion as of June 30, 2021 (+141% YoY)

# Driving Enterprise Digital Transformation



## Next Generation Human Capital Management Solution

- Driving HR digitalization with deployment of SAP SuccessFactors globally for PCCW Group to redefine employee experience and transform HR processes



## IT Infrastructure for Mobile Payment Services

- Facilitated AlipayHK to provide swift QR code payment service at Hong Kong's railway system to support 3.4M daily passengers' journey



## Integrated Smart Mall Platform

- Implemented the LoRaWAN-based smart mall platform for The LOHAS, seamlessly integrating with various third-party applications to deliver personalized shopping experience



## IoT-based Smart Lighting Solution

- Deployed an IoT-based smart lighting solution in Taoyuan, empowering the city to remote control the luminaire of 40,000 LED streetlights simultaneously



## Customer-centric Mobile App

- Developed a smart mobile application for a telecom operator in Indonesia to deliver unified O2O customer services and provide comprehensive self-services options



## One-stop Community Platform

- Helped a government agency in Singapore to build a one-stop community platform to digitize feedback sharing and customer service in meeting different municipal needs

# Expanding Industry-specific IP Solutions Portfolio

**Infinitum Communications Suite** is a cloud-native platform designed specifically for the communications service providers, with rich functionalities to automate and streamline the end-to-end selling, ordering and monetizing processes. The solution is built upon TM Forum's Conformance Certified Open APIs and standard-based Information Framework.



## Value Proposition

- Agility and interoperability to ease integration
- Deliver customer-centric services to reduce customer churn
- Accelerate time to market from months to days
- Transformation to a digital service provider and monetize differentiated services



# Industry Case Studies

## Solutions

## Value

### Communications, Media & High-Tech

#### A Media Organization

- Provision of outsourcing services for its mission-critical transmission networks, from technical operations, maintenance to onsite support for programs production

- Responsive and reliable round-the-clock technical support to ensure uninterrupted services
- Dedicated teams with strong domain expertise can address technical issues efficiently

### Travel & Transportation

#### Airport Authority Hong Kong

- Provision of communications systems for the new terminal 2 of third runway project, including voice & data cabling, trunked mobile radio, public address system, fixed & wireless network infrastructure and telephone systems

- Facilitate efficient and cost-effective communications through converged voice and data systems
- Deliver optimized cable and network infrastructure to ensure system performance to support third runway project

### Communications, Media & High-Tech

#### China Mobile

- Extend the Planning Management System (PMS) solutions to cover another 12 provincial companies upon the successful pilot at the headquarters, responsible for overall solutions design, system integration and data migration

- Roll out a nationwide system to support the full scope of business operations
- Greatly improve business visibility and operational efficiency across the organization
- Adopt microservices architecture with higher flexibility to fulfill different business needs of provincial companies

# Industry Case Studies



Solutions

Value

Public Sector

**Government Agency in Singapore**

- Provision of holistic managed services including cloud services, IT infrastructure, operations management, remote desktop and end-user support to manage the overall IT operations

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- Optimize IT infrastructure to drive business agility and performance
- Enable a seamless remote working environment while maintaining high levels of security
- Leverage advanced remote support tool with dynamic workflows to address end-user IT support needs swiftly

Public Sector

**Hospital Authority**

- To supply, deliver and maintain the Hyper-converged Infrastructure (HCI), including hardware, software and services for supporting the computing platform

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- Develop implementation strategy to simplify migration of existing applications to HCI
- Consolidate IT components and fully utilize computer resources to improve efficiency
- Develop an agile infrastructure and pave the way for future development

Banking, Financial Services & Insurance

**An Insurance Company**

- Enhance Next Generation Insurance Platform with new features, e.g. conduct virtual customer onboarding, revamp financial needs analysis system, update POS system to better suit client's needs, and fulfill the latest compliance requirements

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- Empower non face-to-face insurance purchase to maintain sales activities during the pandemic
- Deliver more personalized, compliant and appropriate investment fund options to customers
- Enhance market competitive and customer engagement

# Awards and Recognition

## IT Innovation



### IT Application Excellence Awards

2020 Greater Bay Area  
IT Advancement Awards



### Multimedia Super Corridor Status

Malaysia Digital Economy Corporation

## Marketing Excellence



### Market Leadership in Digital Marketing

HKIM Market Leadership Award 2019/2020



ASIA-PACIFIC  
STEVIE® AWARDS

**Gold Stevie® Award –  
Most Innovative Marketing Team of the Year**  
2021 Asia-Pacific Stevie Awards

## Partner Recognition



### Best SuccessFactors Partner Award 2020

SAP

# Summary

## HKT

HKT will strengthen its focus on 5G development to spur consumer and commercial adoption and consolidate our leadership in technology and innovation with new businesses including e-commerce, HealthTech, FinTech, and insurance.

With the addition of Now TV, HKT will continue to embrace its unique quadplay proposition and synergy through cross-selling.

## Media

Viu will continue to reinforce its status as the hub of Asian content with a compelling lineup of dramas, and drive viewership and subscriptions through a growing collection of Viu Originals and localized content.

ViuTV will continue to drive viewership and advertising revenue, leveraging on its content proposition and growth in artiste management business.

## Solutions

PCCW Solutions will further grow its IP solution suites to facilitate the digital transformation of enterprises in Hong Kong and Southeast Asia, while continuing to strengthen core services and deepen relationships with its customers across our key industry verticals.